

## Central Valley Flood Protection Plan

# DRAFT Summary Management Actions Workshop Finance and Revenue

**July 27, 2010, 9:00 a.m. – 12:30 p.m.**

**Center for Collaborative Policy**

**815 S Street, First Floor, Sacramento, CA 95811**

### Participants:

Name		Organization
Lori	Clamurro*	DWR (FESSRO)
Katina	Conn	San Joaquin County Public Works - Flood Management Division
Robert	Crane*	DWR
<i>Bill</i>	<i>Edgar</i>	<i>Sutter-Butte Flood Control Agency</i>
Tom	Ellis	Sacramento West Side Levee District, Land owners in the Colusa Basin, Member of the Board of Directors of Colusa County Farm Bureau.
<i>Jafar</i>	<i>Faghih</i>	<i>MWH</i>
<i>Thomas</i>	<i>Flinn</i>	<i>San Joaquin County</i>
Connie	Ford	Sacramento County Water Agency
<i>John</i>	<i>Green</i>	<i>Stockton East Water District</i>
<i>Allison</i>	<i>Harvey</i>	<i>S. D. Bechtel, Jr. Foundation</i>
<i>Anna</i>	<i>Hegedus</i>	<i>DWR</i>
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<i>Jennifer</i>	<i>Hobbs</i>	<i>FWS</i>
Eric	Koch*	DWR
<i>Natasha</i>	<i>Nelson</i>	<i>DWR - FESSRO</i>
Michele	Ng*	DWR (CVFPO)
Allan	Oto*	DWR (LRFMO)
Eric	Poncelet*	K&W
Merrit	Rice	DWR
<i>Dennis</i>	<i>Sanchez</i>	<i>AECOM</i>
Kathy	Shafer	FEMA
Kari	Shively*	MWH
Marty	Stripling	River Garden Farms Co., Sacramento River Westside Levee District, Reclamation Districts 108 and 787
Alex	Tollette*	MWH
<i>David</i>	<i>van Rijn</i>	<i>USACE</i>
Craig	Wallace*	MWH

\*Workshop team

*Italic = Attended via webinar*

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This summary only includes comments made during the workshop. Written comments submitted after the workshop will be available at <http://www.water.ca.gov/cvfmfp>.

### General Comments Applying to all Draft Initial Management Actions (MA)

- A continuous, sustainable funding source would be beneficial for flood management projects.
- Adjacent lands issues (for levees) should be addressed for each Management Action.
- All management actions should have a positive end result and reduce residual risk. Clarify for all management actions in the evaluation forms whether the effect of a management action is direct or indirect. Some management actions may have an indirect effect while having no direct effect.
- Promote a system-wide approach to assess benefits of Management Actions.
- Actions requiring cooperation between local, state, and federal agencies could meet institutional resistance.

### Comments and Questions on Specific Draft Initial Management Actions

#### ***MA-059: Increase funding for flood management projects by leveraging Federal funding.***

- Change “Increase” to “Maximize” in the title.
- Check all five boxes in goals section.
- There is the potential for cost increase due to additional staff coordination required to improve efficiency among agencies.
- If other management areas are related to this one, then there would be potential benefit.
- If there is a sustained dependable funding source, public safety would benefit.
- As long as the rural areas are not able to match urban areas in terms of funding, there will be problems. This MA should look at potentially changing the cost/benefit ratio for rural areas if possible.
- Money needs to be leveraged efficiently to count toward cost share for local needs. Concentrate local dollars where there is no federal funding.
- State and local agencies should also be included in likelihood of implementation under social considerations.
- Add to “Methodology” paragraph multi-benefit projects to include recreation, irrigation and M&I water supply, and hydropower

#### ***MA-060: Leverage funding from multiple projects to improve cost- effectiveness and efficiency of flood management projects.***

- Check all five boxes in goals section.
- Increase cost effectiveness of projects by consolidating and coordinating new infrastructure projects (such as setback levees with transportation projects and environmental restoration projects) to leverage funding from multiple agencies, increase construction and maintenance efficiency, combine mitigation efforts, and accomplish multiple objectives.
- This MA will require coordination across multiple agencies and jurisdictions.

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- Another disadvantage is that the management Action may reduce and likely preclude federal participation because of the ways the federal laws are written (i.e., federal funding requires a federal interest). Example: Corps only participates in projects with a federal interest.
- Timing of implementation is a disadvantage as is the pooling with federal agencies due to their stringent requirements and criteria.
- O&M cost could change in economic considerations.
- Permitting – is NEPA being overlooked? Be sure not to forget NEPA when doing CEQA. This will help prevent projects from being stopped.
- There could be direct effect and benefits for social considerations.
- FEMA perspective – The Corps is a sister agency to FEMA. The Corps builds the structures to keep the floods away from the people, while FEMA's role is to keep people away from floodwaters. FEMA money cannot be spent on levees (that is the Corps' focus), but FEMA does have some grant funding for things such as flood protection structures like a wastewater treatment plant for example. Channel or culvert enhancements could be funded as could regional stormwater retention basins. A multi-hazard mitigation plan must be in place for communities to be able to apply. The risk needs to be considered, and an assessment of what needs to be done to reduce those risks must be completed. FEMA has pre, post and hazard mitigation grant programs and these are all administered through the State of CA. Note: this comment pertains to MA-59 as well.
- Related to pooling funding, FEMA cautions that agencies should ensure all environmental issues are addressed. It was also recommended that the project be packaged such that FEMA criteria is clearly defined. Note: this comment pertains to MA-59 as well.

### ***MA-061: Create a bank or other financial mechanism that pre-funds both O&M and mitigation activities.***

- The word bank should be changed to “funding reserve.”
- State bond money could be considered.
- There is a lot of clarification needed on this MA. One option is to break it up into future projects, and another one for existing O&M or even three categories:
  - 1) Future O&M (physical structure),
  - 2) Future mitigation, and
  - 3) Current O&M projects.
- Do we have two types of mitigation and two types of maintenance?
- How is a mitigation bank maintained? There is a plan to put some funds toward habitat mitigation in perpetuity. This should be explained more thoroughly.
- In state requirements for developing projects, there is an analysis of long-term costs – it should be required to take a future look at long-term economic costs.
- Under permitting, comparison of advanced mitigation would be done project by project, and it depends on how this MA is rewritten.
- Under social considerations, take out first four words in the statement under public safety.
- There is potential for other benefits (water supply, recreation, etc) as a part of these projects. This Management Action has various indirect benefits through improved O&M.
- Under technical considerations, good O&M would have a positive impact on residual risk.
- This would also affect hydraulics by keeping the system intact.

### ***MA-062: Explore alternative funding for O&M and new flood management improvements.***

- NEW TITLE: Develop funding mechanisms for O&M and new flood management system wide improvements that take into account regional and statewide functions.

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- Check all the boxes in the goals section
- Beneficiary pays is a popular theme, but there are a lot of problems associated with it that need to be worked out and clarified. For example, who truly are the beneficiaries?
- O&M costs could change (may decrease if other funding sources are found, but also could increase.)
- Look at it as more of a systemized approach – there are benefits for the state and nation. Keep the system functioning as a whole. Consider the state and nation as beneficiaries – especially when considering alternative funding sources.
- There are some effects in environmental and technical considerations.
- This may require a change in laws.

### ***MA-082: Compensate rural areas for accepting lesser flood protection than urban areas.***

- Workshop participants suggested that it may be premature to discuss this MA until the urban/rural flood protection issue is clarified. It is bigger than just finance and revenue.
- There should be no distinction of rural and urban areas. SB5 has created a two-tiered level of protection. However, FEMA, for example, does not differentiate.
- Another option is to add “rural” to MA – 058 and alter this MA accordingly once more clarification is given on SB5.
- How this issue gets resolved will impact loans, insurance, etc.
- It is a politically premature to work on this MA until more is clarified on the funding side as well as on the approach related to the two-tiered system in SB5.

## **Suggestions for New Management Actions**

- In general, there needs to be a focus on adjacent lands. This needs to be considered when dealing with things like setback levees and should be considered for all MA's.
- There appears to be a two-tiered system related to flood protection that would impact funding for rural and urban areas, but not a two-tiered system when it comes to insurance, FEMA regulations, loans, etc. If the CVFPP moves forward assuming a two-tiered system, then this issue will need to be addressed, since there is a risk rural areas will not support it. It is uncertain whether this needs to be a financial MA at this point, but this issue needs to be addressed.
- Change the way benefits are determined for cost-benefit ratios for federal projects.
- Improve cooperation among nonfederal cost-sharing agencies to pool contributions toward the nonfederal share.
- Establish a methodology for evaluating benefits and costs on a system-wide basis to support economic justification for projects in all community settings.
  - Examine state approaches to determine costs and benefits, and federal approaches. (MA-082 problem description may be useful here.)
- Develop state criteria and policy for rural/agricultural flood protection (Policy and Regulations)
  - Problem statement from MA – 082: Many rural and agricultural communities are concerned that improvements to urban flood protection over the past few decades have already resulted in “tiered” flood protection levels, or have come at the expense of rural flood protection. The agricultural community asserts that relatively lower flood protection levels in rural and agricultural areas could benefit urban residents to the detriment of the economic fitness and viability of these rural communities. Requirements for increased flood protection in urban and urbanizing areas raise concerns that rural communities could potentially be asked to further sacrifice their lands and their livelihoods in the process of improving urban flood protection. At the

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same time, mechanisms are needed to help rural communities recover from floods and maintain agricultural viability.

- Split MA-61 into two separate Management Actions:
  - MA 61a- Pre-fund Account 1: Create a strategic pooled money account that pre-funds avoidance/mitigation solutions for O&M impacts on current and future flood control structures.
    - Problem: Lack of a single shared funding source inhibits cost-effective environmental mitigation for routine operation and maintenance (O&M) actions on flood management system structures. Funding of larger pooled mitigation areas with a single permit are more cost effective than individual sites. A pooled account where equitable deposits could be made. (Incorporate concept of avoidance)
  - MA 61b– Pre-fund Account 2: Create a strategic pooled money account that could provide funds for land stewardship activities at current and future flood-related mitigation areas over perpetuity.
    - Problem: Some mitigation areas are unable to pay for the maintenance of the habitat that has been created in response to mitigation requirements for flood control facilities. Future projects could need alternatives for funding sources for land stewardship on the mitigation areas proposed by regulatory agencies.